

## Message Text

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ACTION EB-07

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E.O. 11652: N/A

TAGS: EAIR, EGEN, ETRD, FI, US

SUBJECT: IVAIR: FINNAIR RECEIVES FIRST DC-10

REF: HELSINKI 233.

SUMMARY: FIRST OF FINNAIR'S DC-10 WIDE-BODIED AIRCRAFT  
ARRIVED IN FINLAND ON FEBRUARY 4 AND WILL MAKE INAUGURAL  
FLIGHT TO NEW YORK ON APRIL 10. RECEPTION OF AIRCRAFT  
IS IN LOW-KEY, REFLECTING SENSITIVITY ABOUT THEIR PUR-  
CHASE OR AT LEAST ABOUT TIMING OF DELIVERY. PRESS  
CRITICISM OF FINNAIR QUESTIONS NEED FOR JUMBOS, TIMING  
OF DELIVERY AND SAFETY OF DC AIRCRAFT. END SUMMARY

1. FIRST OF TWO MACDONNELL-DOUGLAS DC-10-30 AIRCRAFT  
ORDERED BY FINNAIR IN 1971 COMPLETED ITS DELIVERY FLIGHT  
FROM LONG BEACH, CALIFORNIA ON FEBRUARY 4. SEVERAL  
HUNDRED SPECTATORS WATCHED PERFECT TOUCH DOWN AT HELSINKI  
AIRPORT OF FINNAIR'S FIRST WIDE-BODIED JET AND LATER  
INSPECTED INTERIOR. THREE DC-8S WERE HERETOFORE THE PRIDE OF  
FINNAIR FLEET. SECOND DC-10 DUE IN MAY AND BOTH AIRCRAFT  
WILL BE USED ON NEW YORK RUN AND FOR CHARTER OPERATIONS.

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2. INTERESTING FEATURE OF LOW-KEY DC-10 ARRIVAL CELEBRATION WAS LINE-UP NEARBY OF ONE EACH DC-3, DC-6, DC-8 AND DC-9, ALL CURRENTLY IN SERVICE WITH FINNAIR OR ITS SUBSIDIARY KAR-AIR OY. THIS SERVED AS REMINDER THAT FINNAIR HAS LONG FAVORED US AIRCRAFT, PARTICULARLY FROM MACDONNELL-DOUGLAS (IT ALSO OPERATES CONVAIR METROPOLITANS). WHEN PLAN TO REPLACE FRENCH SUPER-CARAVELLES WITH DCAOATPS IS CARRIED THROUGH, FINNAIR'S FLEET WILL BE ALMOST ALL OF US MANUFACTURE.

3. LACK OF FANFARE ON ARRIVAL AND PLANNING FOR LOW-KEY INAUGURAL FLIGHT TO NEW YORK ON APRIL 10 PROBABLY IS BOW TO FEELING OF MANY FINNS THAT PURCHASE OF DC-10S WAS MISTAKE, OR AT LEAST ILL-TIMED IN VIEW OF CURRENT DOLDRUMS IN INTERNATIONAL AIR TRAVEL. ALTHOUGH FINNAIR HAS LONG PLANNED USE PLANES ON CHARTER AS WELL AS SCHEDULED FLIGHTS, FILLING THESE ALMOST 300-SEAT AIRCRAFT AT TIME WHEN DISCRETIONARY INCOME OF FINNS IS DECLINING BECAUSE OF INFLATION AND BEGINNING OF AN ECONOMIC SLOWDOWN WILL BE DIFFICULT DESPITE FINNISH FONDNESS FOR HOLIDAYS IN SUNNIER CLIMATES. LOW-COST CHARTER FLIGHTS TO US HAVE ALSO BEEN POPULAR BUT HIGHER FARES NECESSITATED BY FUEL PRICEINCREASES AND OTHER FACTORS WILL MAKE FILLING DC-10S ON CHARTER FLIGHTS TO US DIFFICULT.

4. FINNAIR IS LARGELY OWNED BY THE GOVERNMENT (73 PERCENT IN 1974) AND ENJOYED TWENTY-YEAR PERIOD OF PROFITABLE OPERATIONS BEFORE INCURRING LOSS OF ABOUT ONE-THIRD MILLION DOLLARS IN FISCAL YEAR ENDING MARCH 31, 1974, DUE TO HIGHER FUEL COSTS. IT HAS BEEN SOURCE OF PRICE TO FINNS TO SEE AIRLINE OF THEIR SMALL COUNTRY BETTER THAN MANY MUCH LARGER AIRLINES. FINNAIR HAS BEEN LARGELY IMMUNE TO CRITICISM OVER YEARS BUT IN DECEMBER MAGAZINE SUOMEN KUVALEHTI CARRIED ARTICLE SUGGESTING THAT FINNAIR AT VERY LEAST WAS "VICTIM OF UNHAPPY CIRCUMSTANCES" IN HAVING TO TAKE DELIVERY OF TWO DC-10S, DOUBLING LONG-DISTANCE PASSENGER CARRYING CAPACITY AT TIME WHEN SUCH SUBINNESS IS GROWING AT MUCH SLOWER RATE THAN PROJECTED WHEN PLANES WERE ORDERED. FINNAIR CANNOT USE GIANT DC-QPS ON EUROPEAN ROUTES WHERE ITS SUPER-CARAVELLES ARE OFTEN LIMITED OFFICIAL USE

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BOOKED TO CAPACITY. THE ARTICLE CLAIMED IN EFFECT THAT DC-10S ARE WRONG PLANE AT WRONG TIME, AND WERE BOUGHT MAINLY FOR PRESTIGE REASONS -- WITH TAXPAYER ULTIMATELY TO PAY LOSSES RESULTING FROM PURCHASING ERROR.

5. COMMUNIST NEWSPAPER KANSAN UUTiset SUGGESTED THAT FINNAIR'S "JUMBOS" WERE AN ECONOMIC AND TECHNICAL FAILURE, CITING IN SUPPORT OF FORMER AN ARTICLE IN FINNAIR'S HOUSE

ORGAN BY PRESIDENT GUNNAR KORHONEN. IN IT KORHONEN ADMITTED THAT DELIVERY OF DC-10S CAME AT BAD TIME AND THAT THERE WOULD NOT BE ENOUGH PASSENGERS ON NORTH ATLANTIC TO FILL THEMFOR "NEXT FEW YEARS." (IN A SUBSEQUENT PRESS INTERVIEW HE WAS MORE OPTIMISTIC, PREDICTING RETURN TO HEALTHY AIR TRAVEL GROWTH IN 1976 AS WORLD BECAME ACCUSTOMED TO HIGHER AIR FARES.) KORHONEN ALSO SAID, AS HE HAS ON OTHER OCCASIONS, THAT FINNAIR HAD TRIED LAST YEAR TO CANCEL THE DC-10 PURCHASE, TO POSTPONE DELIVERY, TO SELL THEM, OR TO CHARTER THEM TO SOME OTHER AIRLINE. BECAUSE OF CURRENT WORLD GLUT OF WIDE-BODIED JETS, THESE EFFORTS FAILED. IN FOLOW-UP ARTICLE IN SUOMEN KAVALEHTI ON JANUARY 31, KORHONEN SAID THAT THESE CANCELLATION EFFORTS HAD BEEN MADE WHEN IT APPEARED FUEL WOULD BE IN CONSTANT SHORT SUPPLY AND THAT AIR TRAVEL WOULD FALL OFF DRASTICALLY. PRESENT SITUATION OF PLENTIFUL FUEL MADE DC-10 PURCHASE AGAIN LOOK LIKE "GOOD INVESTMENT." HE ALSO SAID THAT IN BUSINESS, RISKS HAD TO BE TAKEN AND THAT UP-TO-DATE AND APPEALING EQUIPMENT SUCH AS DC-10 WAS NECESSARY FOR FINNAIR TO COMPETE WITH OTHER INTERNATIONAL AIR-LINES.

6. KANSAN UUTISET'S ALLEGATIONS THAT DC-10S WERE TECHNICAL FAILURE WAS SUPPORTED BY RECITAL OF FACTS OF DC-10 ACCIDENT NEAR PARIS LAST YEAR DUE TO FREIGHT COMPARTMENT DOOR MALFUNCTION. ARTICLE SAID THAT WHILE DOOR IN FINNAIR'S DC-10S HAD BEEN MADE ALMOST "IDIOT-PROOF," NO OTHER STRUCTURAL CHANGES HAD BEEN MADE, SUCH AS PRESSURE BALANCING SYSTEM AND THICKER FLOOR. PAPER ALSO CLAIMED BOMB EXPLOSION IS MORE SERIOUS TTHREAT TO JUMBO AIRCRAFT THAN TO NARROW-BODIED PLANES.

7. COMMENT: HAVING ARRIVED TO DISTINCTLY MUTED HURRAHS, FINNAIR'S DC-10S MAY FOR NEXT FEW YEARS AT LEAST SEEM LIMITED OFFICIAL USE

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MORE ALBATROSS AROUND COMPANY'S FINANCIAL NECK  
THAN PRESTIGIOUS PROFIT-SPINNING SKY-QUEENS ENVISAGED  
WHEN ORDERED.  
KREHBIEL

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